ANNUAL REPORT

2004-2005

105-06558/

GOVERNMENT

▪ HOUSE ▪

FOUNDATION

ANNUAL REPORT

2004-2005

Letters of Transmittal

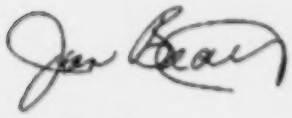
To Her Honour
The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina SK S4P 3V7

Your Honour:

It is my privilege to submit the Annual Report of The Government House Foundation for the period ending March 31, 2005.

I am pleased to report that the construction of phase one, the new Queen Elizabeth II Wing of Government House was substantially complete as of March 31, 2005, with Her Majesty The Queen officially opening the new development named in her honour on May 20th, 2005. The construction of phase two, the J.E.N. Wiebe Interpretive Centre, is scheduled for completion in the summer of 2005.

Respectfully submitted,



Joan Beatty
Minister in Charge

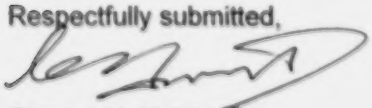
To The Honourable Joan Beatty
Provincial Secretary of Saskatchewan
Room 345
Legislative Building
Regina SK S4S 0B3

Dear Minister:

It is my pleasure to submit the Annual Report of The Government House Foundation for the period ending March 31, 2005.

The Government House Foundation Board of Trustees is pleased to report that the capital campaign for the Government House Heritage Property Centennial Project is a success. The Foundation received sufficient donations and pledges to supplement provincial and federal funding to build the new Queen Elizabeth II Wing and the J.E.N. Wiebe Interpretive Centre.

Respectfully submitted,



Charles H. Knight
Chairperson, Board of Trustees

Introduction

The Government House Foundation was established by regulation, under the authority of *The Historic Properties Foundation Act,* on August 15, 2001. The site in the City of Regina commonly known as Government House was designated as a National Historic Site in 1968 and as a Provincial Heritage Property on August 26, 1981 and is the historic property for which the foundation was established.

Our National Treasure

Government House is truly a Canadian treasure! Built in 1891, this elegant mansion served as the residence of the Lieutenant Governors of the Northwest Territories, a vast area of 2.5 million square miles, the size of Western Europe. All of present day Alberta, Saskatchewan, a large portion of Manitoba, northern Ontario and northern Quebec, the Northwest Territories, Nunavut and Yukon, were governed from Regina.

Our Goal

The Government House Foundation's primary goal is to preserve and enhance the Government House Heritage Property as well as to promote public awareness of the historical, educational and cultural value of the property.

Our Objective

Government House Heritage Property is an educational and historical resource for *all* of Canada. The Government House Heritage Property Centennial Project is an exciting new development of Government House and the surrounding grounds. The expansion and enhancement of this national historic site leaves a legacy that will proudly symbolize our province's centennial and will be utilized by thousands of schoolchildren and tourists for generations to come.

To complete this major Centennial Project the Government House Foundation set a goal to raise $3 million from private sector donors. The $3 million goal had two components. The first and primary goal was to raise $2.5 million less campaign expenses to supplement the $4.4 million requested from the governments of Saskatchewan and Canada for financing construction costs of the Centennial Project. The second component of the $3 million goal was to fund an endowment of $500,000 used to subsidize travel costs of schoolchildren and enable them to visit Government House and other landmarks in the provincial capital.

Our Focus

For the 2004-05 fiscal year, our Board of Trustees continued to focus on approaching potential major donors to ensure sufficient pledges and donations were obtained to finance the construction costs of Phase I, the new Queen Elizabeth II Wing of Government House, and Phase II, the J.E.N. Wiebe Interpretive Centre.

Our Action Plan

The Government House Foundation Board of Trustees, a group of well-known, highly-respected individuals from across Canada along with local volunteers, utilized their personal connections with potential donors to encourage support of this major Saskatchewan Centennial Project. During 2004-05, trustees and volunteers continued to contact prominent individuals, families and businesses with a strong past or current connection to Saskatchewan.

2004-05 Campaign Highlights

On July 12, 2004, Dr. Allan Fotheringham, eminent speaker, writer and well-known columnist was the guest speaker at a luncheon co-hosted by the Government House Foundation and the Rotary Club of Regina. Dr. Fotheringham spoke to an audience of over 400 guests, emphasizing the importance of the preservation and promotion of history and heritage. Publicity surrounding the luncheon event provided good exposure for Government House and the Centennial Project.

The **Change for the Future** campaign which was designed for children to take part in this major centennial project, continued during 2004-05. With the donation of a loonie, a child could register to have his or her name recorded in an interactive digital registry powered by computers donated by IBM Canada. The loonie donation also qualified as an entry for a draw of two computer labs donated by IBM Canada, one lab for a school in northern Saskatchewan and one in southern Saskatchewan. On April 28, 2005, the draw for the two computers labs was held, with Confederation Park Community School in Saskatoon and Pilot Butte School as the two lucky winners.

Key risk factors

Capital fundraising projects continue to be a major challenge when competing with numerous other worthy causes. Trustees and volunteers of the Foundation were frequently advised that projects of this nature should be funded in their entirety by federal and provincial governments. Despite this hindrance, our trustees and volunteers persisted in pursuing potential donors.

How are we doing?

As of March 31, 2005, the Government House Foundation received pledges and donations totalling over $2.2 million. This total, when combined with commitments from the provincial and federal governments, was sufficient to guarantee financing of the construction costs for Phase I and Phase II of the Government House Heritage Property Centennial Project.

The Government House Foundation Board of Trustees, donors, volunteers and members of the community were delighted to have Her Majesty The Queen officially open Phase I, the new Queen Elizabeth II Wing on May 20th, 2005. Phase II, the J.E.N. Wiebe Interpretive Centre was also substantially complete for Her Majesty's visit and is scheduled to be opened to the public in the summer of 2005.

Campaign Goals and Results

A major development such as the Government House Centennial Project requires involvement from many partners within a community; a summary of which is outlined below:

Funding Sources	Campaign Goal	Commitments as of March 31, 2005
Province of Saskatchewan	$ 2.2 million	$ 2.2 million
Government of Canada	2.2 million	1.3 million
Government House Foundation – Private Sector	3.0 million	2.2 million
	$ 7.4 million	$ 5.7 million

Government of Canada Funding

A grant of $900,000 from the Department of Canadian Heritage with an additional $400,000 from Western Economic Diversification Canada comprised the total federal government commitment of $1.3 million. An additional $1.0 million is currently being sought from federal government sources for the restoration of the Edwardian Gardens a subsequent phase of the Government House Centennial Project. As of March 31, 2005, funding of grant requests for projects of this nature were unfulfilled due to budgetary restraints.

Government House Foundation - Campaign Summary to Date

For fiscal year ended:	Amount Pledged in Year	Campaign Expenses	Net Amount Available for Campaign
2002-03	$ 319,300	$ 111,894	
2003-04	1,478,934	133,600	
2004-05	414,633	89,069	
Total Campaign to Date:	$ 2,212,867	$ 334,563	$ 1,878,304

For the 2004-05 fiscal year trustees of Government House Foundation remained hopeful that several more major corporate donors would support the Government House Centennial project resulting in the attainment of the overall goal of $3 million. Due to the prolific number of donation requests received by major corporations many were unable to support our cause. Although the overall goal of $3 million was not reached, the Government House Foundation is pleased to have obtained sufficient pledges and donations to supplement the provincial and federal funding, thereby assuring the completion of the primary goal of the Government House Heritage Property Centennial Project construction of the new Queen Elizabeth II Wing and the J.E.N. Wiebe Interpretive Centre.

Donor Recognition

Donors are instrumental to the success of any fundraising campaign. We are pleased to report that donors to the Government House Heritage Property Centennial Project have been recognized in the following ways:

Sir Richard Lake Hall and Carriage Area sponsored by:
JR Shaw Family and Shaw Communications Inc.

Frederick W. Johnson Entrance and Foyer sponsored by: ***The City of Regina***

J.E.N. Wiebe Interpretive Centre sponsored by: ***Nexen Inc.***

The ***Donor Wall of Honour*** located in the new Queen Elizabeth II Wing displays the names of donors in the following categories:

- **Founding Pioneer** - $300,000 – JR Shaw Family and Shaw Communications Inc.
- **Trendsetting Pioneer** - $150,000 – Nexen Inc.
- **Leading Pioneers** - $50,000 - $149,999 – Our leading pioneers are:

THE BALFOUR FAMILY/BALFOUR MOSS LLP	CHARLES & DORIS KNIGHT
DR. LLOYD BARBER	PCL CONSTRUCTION LTD.
CITY OF REGINA	RBC FINANCIAL GROUP THROUGH RBC FOUNDATION
CROWN INVESTMENTS CORPORATION OF SASKATCHEWAN	SASKATCHEWAN GOVERNMENT INSURANCE
	SASKENERGY
KAY CULLITON	SASKFERCO PRODUCTS INC.
THE ELLIOTT FAMILY	SASKPOWER
GOVERNMENT HOUSE HISTORICAL SOCIETY	SASKTEL
GREAT-WEST LIFE, LONDON LIFE & CANADA LIFE	SEAMAN FAMILY
THE HILL FAMILY	DRS. MORRIS & JACQUI SHUMIATCHER
INVESTMENT SASKATCHEWAN	TD BANK FINANCIAL GROUP

- **Supporting Pioneers** - $500 - $9,999 – One hundred and nineteen donors, too numerous to list, have contributed in this category.
- **Friends of Government House** - $50 - $499 - One hundred and thirty five donors are recognized in the Donor Honour Roll displayed in the interactive computer registry located in the new wing.

In addition to the Donor Wall of Honour, all donors who committed $50,000 or more, receive special recognition on the ***Historic Pioneers Wall*** located in the new Queen Elizabeth II Wing.

Our Future Plans

With the completion of Phase I and Phase II of the Government House Centennial Project, the Government House Foundation will cease active campaigning and will now focus on the collection of outstanding pledges over several years.

Board of Trustees

The Government House Foundation Board is responsible for the administration of the Foundation. To date, seventeen trustees out of a maximum of twenty have been appointed by the Lieutenant Governor in Council. The trustees represent business and community interests from across Canada, signifying the national importance of the Government House Heritage Property.

Foundation Board of Trustees

Chairperson
Charles H. Knight, Regina, CEO, Denro Group of Companies

Vice-Chairperson
Donald W. Black, **C.M.**, Regina, CEO,
Greystone Managed Investments Inc.

Trustees
Senator A. Raynell Andreychuk, Regina and Ottawa
Dr. Gordon Barnhart, Saskatoon, University Secretary,
University of Saskatchewan
Dr. G. Harvey Brooks, Regina, Deputy Provincial Secretary
Province of Saskatchewan
Dean Burns, Calgary, Director, Legal Affairs,
Boardwalk Rental Communities
G. W. (Scotty) Cameron, C.M., Calgary
Bruce Cowie, Calgary, Vice President, Harvard Broadcasting Inc.
W. Brent Cotter, Q.C., Saskatoon, Dean of Law,
University of Saskatchewan
Paul J. Hill, Regina, President, Harvard Developments Inc.
F. William Johnson, Q.C., Regina,
Gerrand Rath Johnson, Barristers & Solicitors
Linda Lawrence, Edmonton
Peggy McKercher, C.M., S.O.M., Saskatoon
Gordon G. Tallman, Calgary
Allan Taylor, O.C., Toronto
Ron S. Waldman, Saskatoon, President,
Great Western Brewing Company Ltd.
Honourable Jack Wiebe, Swift Current

Honorary Trustees
Hon. Dr. Stephen Worobetz, O.C., S.O.M., M.C., Saskatoon
Hon. Sylvia O. Fedoruk, O.C. S.O.M., Saskatoon
Sheila Carson, Regina, President,
Government House Historical Society
Dr. Jacqui Shumiatcher, S.O.M., Regina
Pamela Wallin, S.O.M., Canadian Consul General in New York

Government Liaison & Secretary of the Board
Michael Jackson, C.V.O., C.D., Executive Director,
Protocol, Honours & Government House

Foundation Co-ordinator
Irma Molnar, CMA

Where to Obtain Additional Information

For further information about the Government House Foundation or to make a donation please contact us:

Telephone: (306) 586-2244
E-mail: ghf@sasktel.net

Mailing address
Government House Foundation
4607 Dewdney Avenue
Regina SK S4T 1B7

Management's Responsibility for Financial Statements

The management of the Government House Foundation is responsible for the preparation and presentation of the financial statements. These statements have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information in this Annual Report.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the Financial Statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization that assets are properly guarded against unauthorized use and the reliable records are maintained.

The Provincial Auditor has audited the Financial Statements. His report to the Members of the Legislative Assembly, stating the scope of his examination and opinion on the Financial Statements, appears within this report.

On behalf of Management:

Charles H. Knight
Chairperson

Irma M. Molnar
Coordinator

GOVERNMENT HOUSE FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
MARCH 31, 2005

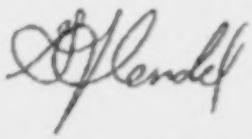
AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of net assets of the Government House Foundation as at March 31, 2005, and the statements of changes in net assets, and cash flows for the year then ended. The Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Regina, Saskatchewan
May 12, 2005

Fred Wendel, CMA, CA
Provincial Auditor

GOVERNMENT HOUSE FOUNDATION **Statement 1**
STATEMENT OF NET ASSETS
For the year ended March 31, 2005

	2005	2004
ASSETS		
Current Assets:		
Cash due from General Revenue Fund (note 3)	$ 1,932,495	$ 1,256,566
Interest receivable	10,457	6,409
Accounts receivable	8,363	7,439
Pledges receivable (note 4 & 8)	465,600	498,884
Long-term Assets:		
Capital assets (note 5)	-	840
	$ 2,416,915	$ 1,770,138
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable (note 6)	$ 1,637,641	$ 784
Deferred revenue (note 7)	-	803,728
	$ 1,637,641	$ 804,512
Net assets (Statement 2)	$ 779,274	$ 965,626

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
For the year ended March 31, 2005

	2005	Annual Budget	Variance Actual vs. Budget	2004
Revenue:				
Donations	$ 813,212	$ 1,134,000	($320,788)	$ 1,040,322
Grant - Centenary Fund (note 7)	700,000	700,000	-	-
Interest & Miscellaneous	34,410	13,000	21,410	24,507
	1,547,622	1,847,000	(299,378)	1,064,829
Expenses:				
Advertising	7,718	50,000	(42,282)	8,379
Amortization	840	840	-	840
Casual labour & consulting services	1,230	5,000	(3,770)	8,989
Meetings & travel	3,338	35,000	(31,662)	23,527
Office rent	5,903	7,200	(1,297)	5,003
Postage & courier	1,108	4,500	(3,392)	4,226
Printing	187	15,000	(14,813)	11,403
Registration fees and other	620	50	570	158
Salary & employee benefits	60,818	60,800	18	60,733
School campaign	915	9,500	(8,585)	443
Supplies	2,178	3,000	(822)	1,656
Telecommunications	3,354	4,000	(646)	3,923
Web site development & maintenance	860	2,000	(1,140)	4,320
	89,069	196,890	(107,821)	133,600
Excess of revenue over operating expenses	1,458,553	1,650,110	(191,557)	931,229
Contribution towards construction (Note 9)	1,623,752	2,500,000	(876,248)	-
Transfer of donations in kind (Note 10)	21,153	-	21,153	-
Excess of (expenses) over revenue	(186,352)	(849,890)	663,539	931,229
Net assets, beginning of year	965,626	865,078	34,397	34,397
Net assets, end of year - to Statement 1	$ 779,274	$ 15,188	$ 697,936	$ 965,626

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION
STATEMENT OF CASH FLOWS
For the year ended March 31, 2005

	2005	2004
Cash provided by (used in):		
Operating activities:		
Excess of (expenses) over revenue	($186,352)	$ 931,229
Items not affecting cash from operations:		
Amortization of capital assets	840	840
(Increase) decrease in receivables	28,312	(504,569)
Decrease in prepaid expenses	-	2,400
Increase (decrease) in accounts payable	1,636,857	(1,155)
Increase (decrease) in deferrals	(803,728)	103,728
	675,929	532,473
Investing activity:		
Capital asset purchases	-	-
Net increase/(decrease) in cash	675,929	532,473
Cash, beginning of the year	1,256,566	724,093
Cash, end of year	$ 1,932,495	$ 1,256,566
Cash consists of:		
Cash due from General Revenue Fund	$ 1,932,495	$ 1,256,566

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2005

1. Authority

The Government House Foundation was established by regulation under the authority of *The Historic Properties Foundation Act*, on August 15, 2001. The site in the City of Regina commonly known as Government House was designated as a Provincial Heritage Property on August 26, 1981 and is the historic property for which the foundation was established.

The primary mandate of the Government House Foundation is to solicit donations to help pay for the expansion and renovations to Government House.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Capital Assets

Purchased capital assets are recorded at cost with amortization recorded using the straight-line method over the estimated useful life of the assets as follows:

Computer Hardware	3 years
Computer Software	1 year

b) Donations and pledges

Donations are recorded as revenue in the fiscal period in which they are received. Donations-in-kind which include computer equipment are recorded at fair market value on the date of their donation.

Pledges are recorded as revenue when written pledge documents are received by the Government House Foundation and there is a commitment to pay prior to the next year-end. The amount of outstanding pledges to be received subsequent to next fiscal year-end are disclosed separately in Note 8 of these financial statements.

c) Revenue Recognition

Restricted contributions are recognized as revenue in the year in which restrictions of the contributions have been met. Unrestricted contributions are

recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

d) Use of Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

e) Fair value

The Foundation's financial instruments include due from the General Revenue Fund, interest receivable, accounts receivable, accounts payable and deferred revenue. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no interest or credit risk.

3. Cash due from General Revenue Fund

The Foundation's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Foundation earns interest on a quarterly basis, calculated on the Government's thirty-day borrowing rate and the Foundation's average daily bank account balance. The Government's average thirty-day borrowing rate for the year was 2.19% (2004 – 2.79%).

4. Pledges Receivable

The amount of pledges receivable stated below has been recorded as revenue in the current fiscal year. A pledge is considered receivable when a written pledge document is received by the Government House Foundation and there is a commitment to pay prior to the next fiscal year-end.

	2005	2004
Current	$ 467,600	$ 500,884
Less: allowance for uncollectible pledges	(2,000)	(2,000)
	$ 465,600	$ 498,884

5. Capital Assets

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer Hardware	$ 2,521	$ 2,521	$ 0	$ 840
	$ 2,521	$ 2,521	$ 0	$ 840

6. Accounts Payable

Accounts payable is comprised of a request for payment in the amount of $1,623,752 by the Saskatchewan Property Management Corporation (SPMC) to the Government House Foundation for grants and donations received by the Foundation for construction costs relating to the Government House Heritage Property Centennial Project. An amount of $13,856 represents a payable incurred for the development of an interactive computer kiosk donated to Government House Heritage Property.

7. Deferred Revenue

Deferred revenue in the amount of a $700,000 grant previously transferred from the Government of Saskatchewan – General Revenue Fund (Centenary Fund) was recognized as revenue and expended on the Government House Heritage Property Centennial Project. Restricted donations of $103,728 designated for the construction of the Interpretive Centre ($100,000) and for handicapped parking ($3,728) were also realized during the year.

8. Outstanding Pledges

The Foundation has received signed pledge documents from donors with commitments to pay the Foundation the following amounts in the years listed. These pledges will be recorded as receivable and as revenue in future years.

	2005	2004
Outstanding Pledges		
2006	$ -	$ 366,900
2007	154,200	133,100
2008	67,000	26,100
2009	40,000	20,000
2010	20,000	-
Total outstanding pledges	$ 281,200	$ 546,100

9. Contribution towards Construction

Upon the request of Saskatchewan Property Management Corporation (SPMC) and upon the approval by the Board of Trustees of the Government House Foundation, the Foundation shall remit to SPMC any such donations that are collected, to be applied by SPMC against the actual cost of delivering the Government House Heritage Property Centennial Project. As of March 31, 2005 a request for payment in the amount of $1,623,752 was made and further requests will be forthcoming as construction costs for the Centennial Project are incurred in subsequent fiscal years.

10. Transfer of Donations In Kind

During the year Government House Foundation received donations of computer equipment valued at $7,296 for an interactive computer kiosk for the Government House Heritage Property Centennial Project. The computer equipment and costs relating to the development of the computer kiosk ($13,857) where transferred to the Government House Heritage Property for their utilization.

11. Related Party Transactions

These financial statements include transactions with related parties. The Foundation is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Foundation is related to non-Crown enterprises that the Government jointly controls or significantly influences, as well as trustees and their corporations over which they have significant control.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the Foundation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Foundation has not been charged with any administrative costs associated with the provision of administrative services provided by the Department of Government Relations and no provision for such costs is reflected in these statements. These costs are borne by the Department.

Included in donation revenue is the amount of $397,000 and outstanding pledges of $125,000 from related parties and Saskatchewan Crown agencies.

Other transactions with related parties and amounts due to/from are described separately in the financial statements and notes thereto.

GOVERNMENT HOUSE FOUNDATION
SUPPLEMENTARY FINANCIAL INFORMATION
(unaudited)
For the year ended March 31, 2005

Personal Services

Listed are individuals who received payments for salaries, wages, honorariums, etc, which total $50,000 or more.

Irma Molnar	$ 57,600
Payees under $50,000	5,558
	$ 63,188

Supplier Payments

Listed are payees who received $50,000 or more for the provision of goods and services, including office supplies, communications, contracts, equipment, travel and meetings.

All payees under $50,000	$ 47,035

Contribution towards Construction

Listed are payees who received $50,000 or more for costs relating to the construction of the Government House Heritage Property Centennial Project.

Saskatchewan Property Management Corporation	$ 1,623,752